75th ANNIVERSARY

A GRALLA PUBLICATION

Merchandising

DECEMBER 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ▪ HOUSEWARES ▪ MAJOR APPLIANCE RETAILERS

C4200-1 2/21/82

On your mark, get set, sell! The new year will be the year for

TELEPHONES

...but there are traps to snare the unwary. Starting on page 39, we'll help untangle the confusion, introduce the latest products and give you the tools to get going in the potentially hottest market of 1983.

Retailers rap rebates

in a peek behind the scenes of housewares merchandising

What is consumer reaction to rebates this year compared with last year?

(Based on 175 replies)

PRODUCT ANALYSIS:

Manufacturers unveil programs for 1983 in prerecorded video, audiotape, videogame software & videotape

Air conditioner vendors hold back new products following retailers' cool, slow summer of '82

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DECEMBER 1982

Merchandising

FOR OVER 55,700 RETAILERS & WHOLESALERS

Vol. 7, No. 12

75th ANNIVERSARY

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Judge rules against citizen in HBO transmission case

By Irene Clepper, contributing editor

ST. PAUL, MN—There's a new twist in the continuing saga of the Minneapolis-area Home Box Office (HBO) situation. (*See Merchandising July and August, 1982*). A U.S. district court judge ruled on Oct. 21 in St. Paul that intercepting microwave transmissions of television programming is illegal.

Judge Robert Renner issued an order and memorandum in favor of Movie Systems, Inc. (MSI), a Des Moines, IA-based company, and TVQ, its Minnesota subsidiary, (the local HBO distributor), in their suit against an individual who admitted using a microwave antenna and down-converter to obtain HBO programming without paying a fee to TVQ.

MSI had already obtained a preliminary injunction against a group of retailers who were selling the receiving equipment. More than 25,000 units had been sold prior to the injunction. In moving against the retailers, Judge Earl Larson ruled last summer that purchases of such receiving equipment were made essentially to receive HBO programs.

Suit is a first

Believed to be the first case in the country against an individual for this offense, the suit was filed by MSI in July against Edward Heller, III, a Minneapolis patent attorney. He was selected, said Ray Conley, MSI chief counsel, because he had admitted publicly that he was receiving the signal without paying for it.

MSI sued Heller on the basis of Section 605 of the Federal Communications Act of 1934, which defines broadcasting as "intended to be received by the public." MSI maintained that its signals were point-to-point transmissions, not intended for the general public, but only for those persons who were subscribers.

Judge Renner wrote, "This court cannot accept Heller's argument that he has a protected privacy interest in 'backwash' emitted by an antenna placed in plain view atop his home."

"The order and memorandum refutes virtually everything a homeowner could ever argue in defense of 'pirating' our signals," Conley said. "In addition, the judge stated that our electronically equipped van does not invade the individual's privacy."

The MSI van cruised through a large number of Minneapolis and St. Paul neighborhoods, identifying the signals which homeowners were receiving. On the basis of this survey—coupled with a visual scan of the dish-shaped antennas on the roofs and a comparison of addresses of subscribers with "illegal" antennas—MSI found that 25,000 households were receiving the HBO signal without

(*Continued on page 26*)

NEW RELEASES

MCA

AEROBIC DANCING (1982) Features a warm-up routine, 13 aerobic dances and a cool-down dance, taught and choreographed by Jackie Sorenson, the originator of Aerobic Dancing. *Color 56 minutes C: $39.95.*

JAZZERCISE (1982) Jazz dance fitness program that uses simple dance movements to condition the body. Narrated and choreographed by Judi Sheppard Misset, founder of the system. *Color 56 minutes C: $39.95.*

PARAMOUNT

REDS (1982) Warren Beatty's epic about a journalist's political experiences during the Russian Revolution. *Color 195 minutes C: $79.95.*

MISTER MAGOO'S CHRISTMAS CAROLS Collection of Mr. Magoo's Christmas cartoons. *Color 52 minutes.*

RCA/COLUMBIA

ANNIE (1982) Movie version of the hit Broadway play stars Aileen Quinn as Annie, the adorable orphan; Albert Finney as Daddy Warbucks and Carol Burnett as Miss Hanigan. *Color PG Stereo in VHS.*

VESTRON

HOW TO BEAT VIDEOGAMES: VOL. I: THE BEST GAMES (1982) Made for home video production that gives playing strategies for the best games for the Atari VCS system. Includes Space Invaders, Asteroids, Chopper Command and Frogger. *Color C: $39.95.*

HOW TO BEAT VIDEOGAMES: VOL. II: THE HOT NEW GAMES (1982) Features 20 of the new games being marketed during the 1982-83 year for the Atari VCS system. Includes MegaMania, Demons to Diamonds and Riddle of the Sphynx. *Color C: $39.95.*

HOW TO BEAT VIDEOGAMES: VOL. III: ARCADE QUALITY FOR THE HOME (1982) Preview of the Atari 5200, Colecovision and Vectrex videogame systems with strategies on how to play 20 of the games. Includes Cosmic Chasm, Donkey Kong and Galaxian. *Color C: $39.95.*

WARNER

A MIDSUMMER NIGHT'S SEX COMEDY (1982) Woody Allen's fantasy in a turn-of-the-century setting. Also stars Mia Farrow and Tony Roberts. *Color PG 88 minutes C: $70.*

Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

		Last month's position	Months on chart
1.	**Conan the Barbarian** *(MCA)*	1	3
2.	**Victor/Victoria** *(MGM/UA)*	—	1
3.	**The Thing** *(MCA)*	—	1
4.	**On Golden Pond** *(CBS/Fox)* **GI**	5	4
5.	**Star Trek II: The Wrath of Khan** *(Paramount)*	—	1
6.	**Star Wars** *(CBS/Fox)* **P**	3	4
7.	**Quest For Fire** *(CBS/Fox)*	8	2
8.	**Escape From New York** *(Embassy)*	—	*1*
9.	**Chariots of Fire** *(Warner)*	2	4
10.	**Jane Fonda's Workout** *(Karl Video)*	14	4
11.	**Firefox** *(Warner)*	—	1
12.	**Death Wish II** *(Warner)*	6	2
13.	**Arthur** *(Warner)*	4	4
14.	**The Compleat Beatles** *(MGM/UA)*	—	1
15.	**The Sword and the Sorcerer** *(MCA)*	17	2
16.	**Grease II** *(Paramount)*	—	1
17.	**Dead Men Don't Wear Plaid** *(MCA)*	13	2
18.	**Cat People** *(MCA)*	9	4
19.	**Deathtrap** *(Warner)*	7	2
20.	**Playboy Video** *(CBS/Fox)*	—	1
21.	**Hanky Panky** *(RCA/Columbia)*	—	1
22.	**French Lieutenant's Woman** *(CBS/Fox)*	—	3
23.	**Superman II** *(Warner)*	12	3
24.	**The Amateur** *(CBS/Fox)*	—	1
25.	**Author Author** *(CBS/Fox)*	—	1
26.	**Taps** *(CBS/Fox)*	—	2
27.	**Absence of Malice** *(RCA/Columbia)*	11	4
28.	**Nice Dreams** *(RCA/Columbia)*	15	2
29.	**The Seduction** *(Media)*	18	3
30.	**Sharky's Machine** *(Warner)*	16	4

Top 10 in videocassette sales

1.	**Jane Fonda's Workout** *(Karl Video)*	1	5
2.	**Star Trek II: The Wrath of Khan** *(Paramount)*	6	3
3.	**Star Wars** *(CBS/Fox)* **P**	2	5
4.	**The Compleat Beatles** *(MGM/UA)*	—	1
5.	**On Golden Pond** *(CBS/Fox)* **GI**	3	6
6.	**Victor/Victoria** *(MGM/UA)*	—	1
7.	**Conan the Barbarian** *(MCA)*	4	2
8.	**Arthur** *(Warner)*	5	3
9.	**Rocky II** *(CBS/Fox)*	9	4
10.	**The Thing** *(MCA)*	—	1

Top 5 in CED videodisc sales

1.	**Star Wars** *(CBS/Fox)* **P**	1	3
2.	**On Golden Pond** *(RCA)* **G**	2	4
3.	**Jane Fonda's Workout** *(RCA)*	—	1
4.	**Dragonslayer** *(Paramount)*	—	1
5.	**Superman** *(RCA)*	3	3

Top 5 in laserdisc sales

1.	**Star Wars** *(CBS/Fox)* **P**	1	3
2.	**Dragonslayer** *(Paramount)*	—	1
3.	**Apocalypse Now** *(Paramount)*	4	2
4.	**Elephant Parts** *(Pacific Arts)*	5	3
5.	**All That Jazz** *(CBS/Fox)*	1	1

G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sold at least $1 million. (RIAA/VIDEO)
P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least $2 million. (RIAA/VIDEO)
I—Golden Videocassette award—has audited return sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

Rebates generate both headaches and sales, say 176 retailers running 11,145 stores

By Stephanie Flory, associate editor

NEW YORK—While rebates can help boost sales of housewares products, retailers resent the swarms of paper work required to maintain the various programs. In addition, customers often balk at having to wait for rebate checks, and dump their complaints on the merchants.

This information was gleaned from a recent *Merchandising* Retail Opinion file on rebates. Some 176 retailers, representing 11,145 stores, participated in the survey.

Those polled profess that it might be more effective for everyone if manufacturers would simply lower prices in lieu of offering rebate programs. This would save retailers time, and would provide the customer with "instant" savings.

Other problems can also crop up with rebates. Many retailers contend that it's difficult to keep abreast of the constant flow of new programs. In addition, merchants bark that they often run out of coupons.

Rebates do not carry as much clout with consumers as they once did either. Only 18.9 percent of the retailers polled think that their customers are more interested in rebate offers this year. Some 30.4 percent say they are less interested.

Require much work

At the very least, rebates require retailers to fill out forms or post coupon offers near rebated merchandise. Those polled reported that they spend an average of 9.3 hours per month maintaining the various programs.

"The paperwork involved is overwhelming," remarked a representative from a large catalog showroom chain. "We must inform all of our showrooms and personnel about the offers."

"Rebates are not worth the trouble," said a housewares/hardware dealer in Virden, IL. "Manufacturers should drop the price of the product and not waste my time."

The problems involved in maintaining rebate programs have actually prompted 10 percent of those polled to drop or not carry a housewares product because it was rebated. "I think that rebates only add to costs because they have to come from someone's profits," a Wyoming housewares/hardware dealer replied. "The cost of a letter and postage is not free to anyone. Rebates are an economic waste!"

Although many retailers voiced anger over rebate programs, a healthy 64.2 percent admitted that they are indeed effective. And 66.4 percent of those polled said that housewares rebates are most beneficial for kitchen electrics.

For example, if a blender selling for $24.99 is offered with a $3.50 rebate, 55.1 percent of the sample thought that sales would increase. And 67.9 percent said they would consider dropping the price of the rebated blender by $1.50 to bring the ultimate cost to the consumer to $19.99, an even more attractive price point.

It's no surprise that 74.2 percent believe that rebates are most effective

What is consumer reaction to rebates this year compared with last year? (Based on 175 replies)

	Number of replies	Percent of response
More interested	33	18.9%
About the same	87	49.7
Less interested	55	31.4
Total	175	100.0%

Do you believe that housewares rebates can be effective? (Based on 176 replies)

	Number of replies	Percent of response
Yes	113	64.2%
No	26	14.8
Undecided	37	21.0
Total	176	100.0%

If you think that housewares rebates are effective, in which of the following categories are they most beneficial? (Based on 113 replies)

	Number of replies	Percent of response
Kitchen Electrics	75	66.4%
Personal Care	40	35.4
Air Treatment	21	18.6
Home Security	18	15.9
Cookware	5	4.4
Floor Care	3	2.7
Clocks	1	0.9

Are the number of housewares product rebates offered during the fourth quarter of 1982 up or down from the fourth quarter of 1981? (Based on 175 replies)

	Number of replies	Percent of response
Up	86	49.1%
About the same	78	44.6
Down	11	6.3
Total	175	100.0%

In which of the following categories were manufacturer rebates offered in 1982? (Based on 176 replies)

	Number of replies	Percent of response
Kitchen Electrics	164	93.2%
Personal Care	156	88.6
Air Treatment	130	73.9
Home Security	107	60.8
Cookware	86	48.9
Clocks	57	32.4
Floor Care	39	22.2

In which of the following categories has the number of rebate offers increased over the past year? (Based on 159 replies)

	Number of replies	Percent of response
Kitchen Electrics	110	69.2%
Personal Care	105	66.0
Air Treatment	71	44.7
Cookware	36	22.6
Home Security	32	20.1
Clocks	19	12.0
Floor Care	18	11.3

What portion of your selling price does the average rebate usually represent? (Based on 125 replies)

	Number of replies	Percent of response
1% to 5%	22	17.6%
6% to 10%	57	45.6
11% to 15%	28	22.4
16% to 20%	14	11.2
Over 20%	4	3.2
Total	125	100.0%

Average portion of selling price 11.0%

In which price ranges are rebates most effective? (Based on 130 replies)

	Number of replies	Percent of response
$10 to $15	21	16.1%
$15 to $20	11	8.5
$20 to $25	33	25.4
$25 to $30	24	18.5
$30 to $40	12	9.2
$40 to $50	8	6.1
$50 to $60	4	3.1
$60 and over	17	13.1
Total	130	100.0%

What are the three most successfully rebated housewares products (not brands)? (Based on 127 replies)

	Number of replies	Percent of response
Smoke Alarms	29	22.8%
Food Processors	28	22.0
Toaster Ovens	28	22.0
Blenders	24	18.9
Hair Dryers	20	15.7
Air Purifiers	19	15.0
Irons	18	14.2
Toasters	13	10.2
Mixers	12	9.4
Cookware	8	6.3
Curling Irons	6	4.7
Electric Fry Pan Skillets	6	4.7
Coffee Makers	5	3.9
Fans	4	3.2
Multi-Use Stand Mixers	4	3.2
Can Openers	3	2.4
Corn Poppers	3	2.4
Broiler Ovens	3	2.4
Microwave Oven Cookware	2	1.6
Shavers	2	1.6
Foot Massagers	1	0.8
Ice Cream Machines	1	0.8
Slow Cookers	1	0.8
Sweepers	1	0.8

during December, thanks to the bustling holiday season. The sample cited smoke alarms, food processors and toaster ovens as the three most successfully rebated housewares products.

Problems with rebate programs, however, frequently surface. For example, one Montana housewares/hardware dealer noted, "Customers sometimes try to figure out ways to receive multiple rebates on a single purchase to rip off the manufacturer."

"Rebates are a pain," declared a Rosemount, MN housewares/hardware dealer. "We have consumers who refuse to buy a brand that offers a rebate."

Customers often ask one Minnesota housewares/hardware merchant, "Why don't vendors just cut the prices instead of all this foolishness?" The dealer also noted, "many times, customers don't receive their rebates in the mail, and I'm stuck writing to the manufacturer to find out what happened."

Several retailers polled suggested alternatives to rebate programs. An Ohio discount store executive said, "Keep rebate programs, but provide buyers with a single list of rebated items, amounts and effective dates. This would help make the retailer more organized."

"Place a sign near the product explaining to the customer that the product's price will be lowered in lieu of the rebate," suggested a Minnesota housewares/hardware dealer. "The customer is going to buy the product anyway, so why pester the store with rebates."

"Rebates are too prevalent," noted an executive from a California department store. "Customers are barraged with them in ads. I think that people are looking for value at the time of purchase—not three months later."

"Reduce the number of rebate offers," suggested a representative from a Texas/Oklahoma catalog showroom chain. "Do not open up any new categories of rebates."

This retailer also pointed out that "Coupons for rebates are not readily available many times, and we have to do all of the leg work. There are too many rebates to keep on top of."

"We seldom mention rebate programs to consumers. We have piles of coupons on hand, but refuse to use them," said a Fairmont, NC, housewares/hardware dealer. "Many of the dealers I have spoken with at shows and conventions would be pleased if rebates were discontinued and prices were reduced proportionately."

Although a Morris, IL, housewares/hardware retailer admitted

that he's noticed an increase in consumer interest in rebates, he noted, "Vendors must do a better job of notifying us about rebate programs *before* the promotion starts."

However, a spokesperson for a Pennsylvania department store said, "Customers are tired of rebates. The rebate system has run its course and is worn out."

"Drop the gimmick of rebates and give customers a break," said a Rosemount, MN, housewares/hardware dealer. "America is the coupon capital of the world. It just takes people a long time to learn that they don't get anything for free."

"Forget rebates," declared a Lake View, SC, housewares/hardware merchant. "Surely someone can come up with an 'instant' promotion or program—we have an 'instant' in everything else."

STATISTICAL MATTER for this survey was collected and compiled by **Selma Book**, market research manager, and **Roberta Janasz**, research associate.

How many hours per month per store are devoted to maintaining rebate programs? (Based on 116 replies from respondents doing some work on rebates)

Average number of man hours per month per store	9.3
Range	½ hour to 40 hours

If a blender sold for $24.99 is offered with a $3.50 rebate, how much higher (%) would sales be with the rebate than without it? (Based on 97 replies)

Range	Number of replies	Percent of response
1% to 5%	25	25.8%
6% to 10%	42	43.3
11% to 15%	14	14.4
16% to 25%	10	10.3
Over 25%	6	6.2
Total	97	100.0%
Average % higher	12.3%	
Range	1% to 75%	

Suppose that a blender that you sell for $24.99 is offered with a $3.50 rebate. Do you think sales of the rebated blender would be higher than without it? (Based on 176 replies)

	Number of replies	Percent of response
Yes	97	55.1%
No	52	29.6
Undecided	27	15.3
Total	176	100.0%

If a $3.50 rebate is offered on a $24.99 blender, would you consider dropping the price of the rebated blender by $1.50 to bring the ultimate cost to the consumer to $19.99? (Based on 168 replies)

	Number of replies	Percent of response
Yes	114	67.9%
No	54	32.1
Total	168	100.0%

If rebates are more effective during certain months of the year, in which months are they most influential? (Based on 85 replies)

	Number of replies	Percent of response
December	63	74.2%
November	34	40.0
September	17	20.0
October	15	17.6
May	11	13.0
June	8	9.4
August	8	9.4
January	7	8.3
April	7	8.3
March	5	5.9
July	5	5.9
February	4	4.7

Have you ever dropped or not carried a housewares product because it was rebated? (Based on 160 replies)

	Number of replies	Percent of response
Yes	16	10.0%
No	144	90.0
Total	160	100.0%

If you have ever dropped or not carried a housewares product(s) because it was rebated, which product(s) was involved; (Based on 10 replies)

	Number of replies	Percent of response
Coffee Makers	2	20.0%
Cookware	2	20.0
Hair Dryers	2	20.0
Blenders	1	10.0
Irons	1	10.0
Electric Heaters	1	10.0
Electric Roasters	1	10.0
Total	10	100.0%

Characteristics of the sample:

Type of responding company:

	Number of replies	Percent of response
Housewares/Hardware Store	98	55.7%
Catalog Showroom	35	19.9
Department Store	33	18.8
Discount Store	5	2.8
Other	5	2.8
Total	176	100.0%

Number of stores owned/operated:

	Number of replies	Percent of response
Single-Unit companies	110	62.5%
Multi-Unit companies	66	37.5
Total	176	100.0%
		11,145

(Includes companies operating 3,000 stores, 2,500 stores, 1,200 stores, 1,000 stores.)

Replies by region: (Based on 171 replies)

	Number of replies	Percent of response
Northeast	30	17.5%
North Central	81	47.4
South	39	22.8
West	21	12.3
Total	171	100.0%

A GRALLA PUBLICATION

JANUARY 1983

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

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Retailers ready their January shopping lists

Touring the Winter CES they'll be checking out:

- Personal Computers
- Digital Audio
- Portable VCR's
- Videogame Software
- Personal Portables

Visiting the Housewares Expo all eyes will be on:

- Kerosene Heaters
- Food Processors
- Cookware
- Quartz Clocks
- Portable Vacuums

Hitting the Home Builders' Show the action will focus on:

- Microwave Ovens
- Induction Cooktops
- Self-cleaning Ovens
- Compact Refrigerators
- Washing Machines

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FOR OVER 55,700 RETAILERS & WHOLESALERS

JANUARY 1983

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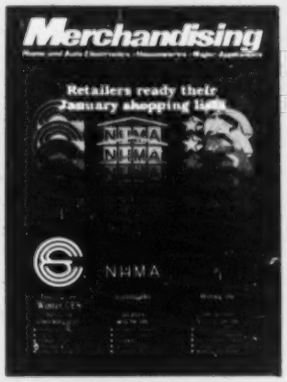

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Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

		Last month's position	Months on chart
1.	**Star Trek II: The Wrath of Khan** *(Paramount)*	5	2
2.	**Firefox** *(Warner)*	11	2
3.	**Victor, Victoria** *(MGM/UA)*	2	2
4.	**Annie** *(RCA/Columbia)*	—	1
5.	**Tron** *(Walt Disney)*	—	1
6.	**The Thing** *(MCA)*	3	2
7.	**Best Little Whorehouse in Texas** *(MCA)*	—	1
8.	**Star Wars** *(CBS/Fox)* P	6	5
9.	**Rocky III** *(CBS/Fox)*	—	1
10.	**Diner** *(MGM/UA)*	—	1
11.	**Poltergeist** *(MGM/UA)*	—	1
12.	**Escape from New York** *(Embassy)*	8	2
13.	**Conan the Barbarian** *(MCA)*	1	4
14.	**Chariots of Fire** *(Warner)*	9	5
15.	**Sharky's Machine** *(Warner)*	30	5
16.	**Arthur** *(Warner)*	13	5
17.	**Richard Pryor Live at Sunset Strip** *(RCA/Columbia)*	—	1
18.	**Reds** *(Paramount)*	—	1
19.	**Superman II** *(Warner)*	23	4
20.	**On Golden Pond** *(CBS/Fox)* GI	4	5
21.	**Playboy Video** *(CBS/Fox)*	20	2
22.	**Missing** *(RCA/Columbia)*	—	1
23.	**Rich and Famous** *(RCA/Columbia)*	—	1
24.	**Quest for Fire** *(CBS/Fox)*	7	3
25.	**Dead Men Don't Wear Plaid** *(MCA)*	17	3
26.	**Death Wish II** *(Warner)*	12	3
27.	**My Dinner With Andre** *(Pacific Arts)*	—	1
28.-29.	**A Midsummer Night's Sex Comedy** *(Warner)*	—	1
28.-29.	**Alice In Wonderland** *(Walt Disney)*	—	1
30.	**Jane Fonda's Workout** *(Karl Video)* I	10	5

Top 10 in videocassette sales

1.	**Star Trek II: The Wrath of Khan** *(Paramount)*	2	4
2.	**Jane Fonda's Workout** *(Karl Video)* I	1	6
3.	**Annie** *(RCA/Columbia)*	—	1
4.	**Compleat Beatles** *(MGM/UA)*	4	2
5.	**Star Wars** *(CBS/Fox)* P	3	6
6.	**Playboy Video** *(CBS/Fox)*	—	1
7.	**Rocky III** *(CBS/Fox)*	—	1
8.	**Tron** *(Walt Disney)*	—	1
9.	**The Thing** *(MCA)*	10	2
10.	**Rocky II** *(CBS/Fox)*	9	5

Top 5 in CED videodisc sales

1.	**Star Trek II: The Wrath of Khan** *(Paramount)*	—	1
2.	**Rocky III** *(CBS/Fox)*	—	1
3.	**Jane Fonda's Workout** *(RCA)* I	3	4
4.	**Star Wars** *(CBS/Fox)* P	1	4
5.	**Dragonslayer** *(Paramount)*	4	2

Top 5 in laserdisc sales

1.	**Star Wars** *(CBS/Fox)*	1	4
2.	**On Golden Pond** *(CBS/Fox)* G	—	1
3.	**Star Trek II: The Wrath of Khan** *(Paramount)*	—	1
4.	**Apocalypse Now** *(Paramount)*	3	3
5.	**Time Bandits** *(Paramount)*	—	3

G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sales of at least $1 million. (RIAA/Video)
P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least $2 million. (RIAA/Video)
I—Golden Videocassette award—has audited return of sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

(Continued from page 40)

YOUNG DOCTORS IN LOVE (1982) Comedic spoof set in a hospital where the doctors and nurses are more involved in their own lives than in caring for their patients.

VIDAMERICA

EMANUELLE, THE QUEEN The third in a series, this tape depicts Laura Gemser in bizarre rituals, illicit sexual combinations and blackmail and murder situations. *Color C: $59.95.*

THE WEDDING PARTY A Brian DePalma comedy starring Jill Clayburgh and Robert DeNiro. *Color C: $59.95.*

WARNER

HEY, GOOD LOOKIN' (1982) Animated look back at what it was like growing up in the 1950's. *Color 77 minutes R C: $39.95.*

NIGHT SHIFT (1982) Two workers on the night shift at the city morgue (Henry Winkler and Michael Keaton) spice up their jobs by running a call girl service on the side. *Color 106 minutes R C: $69.95.*

THE TWISTED CROSS (1956) Documentary on the rise of Adolf Hitler, from his formative years through his powerful rule to the fiery end. *Black and white 98 minutes NR C: $39.95.*

VICTORY AT SEA (1960) Documentary presents highlights from the World War II series. *Black and white 98 minutes NR C: $39.95.*

THE WORLD ACCORDING TO GARP (1982) Robin Williams portrays T.S. Garp, a man at odds with the times. *Color 136 minutes R C: $69.95.*

Blay urges elimination of the first sale doctrine

(Continued from page 20)

side of Nishimura too. He said he can't move the product, although a nearby store in Seattle is having quite a success with laserdiscs.

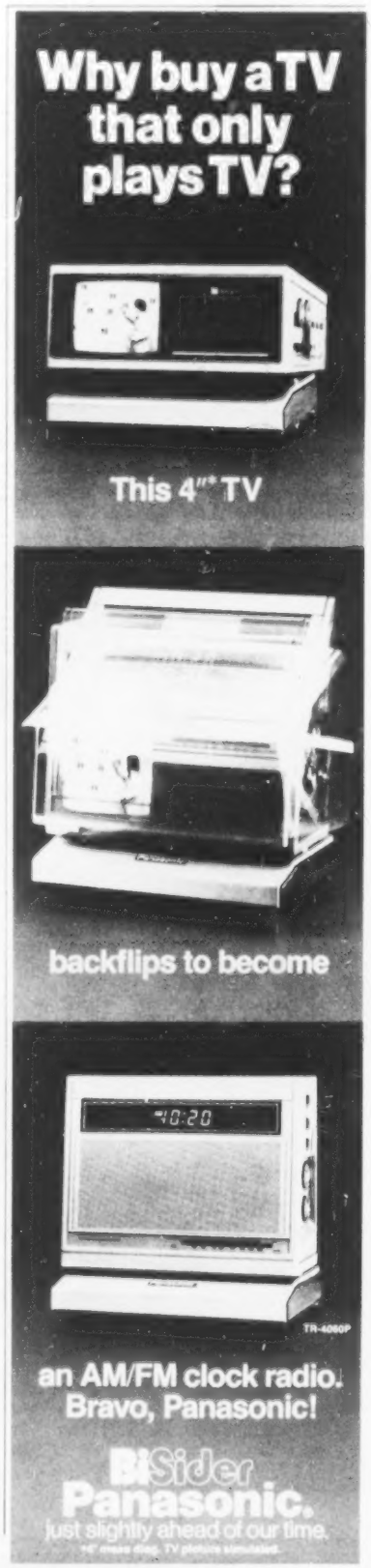
Recently, manufacturers have indicated that the elimination of first sale would lead directly to a lowering of cassette prices. In his remarks, Blay reiterated this and asked for the support of manufacturers, wholesalers, retailers and programmers for an amendment to the first sale doctrine.

However, he suggested, the legislation should be uncoupled from other considerations within the Mathias Amendment.

Blay added, "The successful passage of the amendment to the first sale doctrine will ensure that prices will be lowered enough to allow the consumer to make a choice between purchase and rental, and will ensure a profitable business at all levels."

Mickey Hyman, president, MGM/UA disagreed. He said he thinks it will be difficult to decide marketplace actions through legislation. "It will eventually determine itself."

To Nishimura, however, the fight over the first sale doctrine represents a step backwards. He said he would rather see the industry moving ahead. And Blay added, "The entire creative community is waiting for us to become a legitimate business."



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Kerosene heaters experience resurrection; Consumer Reports study may numb industry

By Stephanie Flory, associate editor

NASHVILLE—As soaring costs of electricity and heating fuel prompt many consumers to lower thermostats and buy kerosene heaters to cut costs, sales of these devices have fired up retailers' profits over the past year.

Some 5.2 to 5.5 million kerosene heaters are expected to be sold during the 1982-83 heating season—approaching $1.3 billion in volume—with predictions for one of the coldest winters ever helping to heat up sales.

But in October, Consumer Reports magazine published an article that blasted the industry by declaring kerosene heaters dangerous. While some retailers, distributors and manufacturers fear that the repercussions from the report may place a crimp in the growth curve, others are confident that sales will continue to boom.

Forces in the industry have mobilized to ensure this is so. Kero-Sun has filed a $41-million lawsuit against Consumers Union, the publisher of Consumer Reports. Other vendors are also contesting the report, as is the National Kerosene Heater Association (NKHA) in Nashville.

All that is really needed to ensure safety with kerosene heaters, they insist, is extensive consumer education. This is especially important at the retail level, where manufacturers are providing wall banners, posters and brochures to illustrate how the heaters work. But, they emphasize, sales clerks must show each customer, step-by-step, how to use the units from start-up to shut-down. They must make sure that each purchaser understands fully how his heater should be operated.

Sales boom

Despite the uncertain economy, sales of kerosene heaters are booming across the country. One typical dealer, Crafton Lumber and Supply, Pittsburgh, a 7,000-sq.-ft. hardware store, has already sold 400 to 500 units this season, according to James Rauch, president.

"My sales clerks have been educated about kerosene heaters from top to bottom," he pointed out. "They can explain every aspect of each unit."

In October, the store ran a flyer promotion that featured five kerosene heaters and sold about 320 units. The 78,000 flyers that promoted the campaign were distributed via newspapers and a local shopper publication.

To drum up publicity for the store, Rauch also hosts a Handy Man radio talk show every Saturday from noon to 1 p.m. "Listeners call in and ask questions about fixing and maintaining their homes," he explained.

Since the Consumer Reports article hit, Rauch has received only one or two inquiries about the safety of the heaters. "Personally, I'm ignoring the study completely," he said.

"Manufacturers claim that Consumers Union tested the kerosene heaters under unfair conditions," he pointed out. "I use one in my home to warm an unheated room, and am pleased with it."

To contest the Consumer Reports article, Kero-Sun has slammed a $41-million lawsuit on Consumers Union, the publisher of the magazine. "The article contains over 80 false or misleading statements pertaining to portable kerosene heaters in general, and to those marketed by Kero-Sun," pointed out Ted Miller, public relations director for the company.

Kero-Sun claims the study contains: inaccurate air quality calculations (especially the conclusions regarding ill health effects); misinterpretation of the properties and specifications of kerosene (the quality of kerosene was not considered); inaccuracies regarding the average cost of kerosene, and failure to use accepted and standard testing procedures, according to Miller.

It has been noted, however, that Consumers Union has lost only one damage suit in its 46 years in existence, and that decision was recently overturned by the U.S. Court of Appeals for the First Circuit, according to a spokesperson for Consumers Union.

If they are properly used, kerosene heaters are perfectly safe, Kero-Sun's Miller stated. "Dealers must take the time to fully explain them to customers. It's not like selling an iron—kerosene heaters are sophisticated products."

It's also essential to sell a customer the right heater for his needs, explained Joe Gallagher, president of Pesco, a distributor in Philadelphia. "A retailer should not push a $300 heater on a customer when his room

(*Continued on page 84*)

Educate buyers on safety features and functions of kerosene heaters

By Stephanie Flory, associate editor

NEW YORK—Kerosene heaters have rapidly become an accepted supplemental heating source for many consumers. But like any sophisticated product, they require an educated sales force to move them quickly and safely into the consumer's hands.

Following is a list of questions that consumers frequently ask retailers about kerosene heaters. The answers were provided by the National Kerosene Heater Association, Kero-Sun and Aladdin Industries, Inc.

1. What is the difference between a radiant and a convection heater?

A radiant heater uses a polished reflector to radiate heat in a forward direction. It can be placed near a wall, but should be away from household traffic.

A convection heater is usually cylindrical and heats in all directions. It is usually used in larger areas where overall heat is necessary. It should be placed near the center of the area to be heated.

2. What size kerosene heater is recommended for home use?

Heat output of a kerosene heater is measured in Btu's (British thermal units). A larger number of Btu's are required to heat an expansive area.

To approximate the Btu output needed to heat an average room, a rule of thumb is to multiply the square footage of the room by 28. This figure equals the approximate number of Btu's needed to adequately heat the given area. Of course, climatic conditions, insulation and other factors should also be taken into consideration when purchasing a unit.

3. What safety and convenience features are provided by today's kerosene heaters?

The new heaters are designed with a low center of gravity to provide stability. They feature automatic ignition (no matches required). The units also offer an automatic shut-off device that is triggered if the heater is tipped over. Consumers should look for kerosene heaters with the label of an independent testing laboratory such as Underwriters Laboratory, Inc. (UL). These labels indicate that the model has met stringent safety and operation standards.

4. Is ventilation required for kerosene heaters?

Manufacturers recommend that a door to an adjoining room should be left ajar. In a small, tightly sealed room, a window should be opened slightly.

5. Do kerosene heater surfaces become hot?

Some heater surfaces will become hot. Double walls or protective grilles on the units can help guard against contact burns. However, children should be told to stay away from the units.

Place the heater far away from curtains, furniture, papers or other combustible materials. Clothing should *never* be dried on a kerosene heater.

6. Do kerosene heaters emit any gases or odors?

The major constituents of kerosene heater combustion are carbon dioxide and water vapor. Independent tests have shown that kerosene heaters emit a smaller amount of carbon monoxide in an eight-hour period than is inhaled by smoking one cigarette, according to the National

(*Continued on page 88*)

150 HEATERS were sold after Richland Ace Appliance ran this ad. The firm is based in Nashville.

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AHAM Coverage 90
Products 94

Brochures, posters teach the public kerosene heater safety

(*Continued from page 83*)
size only requires a unit that costs $250."

To help educate both consumers and retailers, manufacturers are providing brochures, posters and wall banners to be used at point of sale. The NKHA has developed a safety brochure that is included in the boxes of all Underwriters Laboratory (UL)-listed units, in addition to posters, leaflets and other items aimed at educating the public, according to J. Thomas Smith, managing director and general counsel.

The association of manufacturers requires $10,000 in membership dues, which finances the uniform safety and seal program, Smith explained. Seals are available to members and nonmembers if they meet the following criteria.

The unit must meet UL standards, labeling on the heater must conform to the uniform warning label and a safety brochure must be included in the box.

The association is currently expanding its consumer education programs and has developed films available for group viewing, according to Scott Harrah, vice president of public affairs.

Vendors are also striving to teach consumers how to use kerosene heaters properly. For example, Aladdin Industries, Inc. has developed an entertaining yet educational audio/visual presentation on kerosene heaters that can be viewed on Fairchild projectors, according to Ron Bartels, director of marketing.

Aladdin provides brochures at point of sale to show consumers how to select a kerosene heater according to room size. A dealer manual that answers a number of frequently asked questions is also available.

Kero-Sun supplies a 12-page brochure that explains the mechanics of both convection and radiant kerosene heaters, including a detailed diagram of each type of unit.

To educate the trade, Radiant King, Inc. holds sales seminars for distributors and dealers nationwide, explained Joseph Bredau, president. Such topics as servicing heaters and maintaining wicks are discussed during the meetings.

Last August, Radiant King held a consumer service seminar on Long Island. Some 100 people attended. They were invited to bring in any brand kerosene heater to be checked for proper maintenance, Bredau noted.

Robeson, a division of Van Wyck International Corp., supplies counter cards and brochures to dealers, noted William Parks, senior vice president. "Sales of heaters are still in the upswing of the bell curve," he said. "The Consumer Reports study has made a few people cautious, but most know that the magazine is not right about everything."

Government gets involved

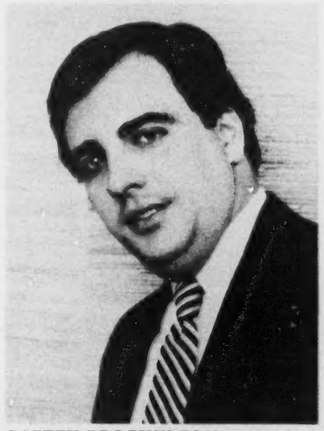
The federal government has stepped in and is funding six public service announcements that detail safety procedures for kerosene heaters, according to Dave Denne, public affairs officer, The Federal Emergency Management Agency, Washington, DC.

"The announcements have been sent to fire training directors across the country," he noted. "Then they are sent to fire officials and given to television stations."

The announcements tell consumers to take the following precautions when using the heaters:

1. Store kerosene in a well-marked container. Make sure that the fuel is as clear as water. Use only grade K-1 kerosene.
2. Refill the heater outside. Do not overfill.
3. Keep children away from the heater. Do not place it in a high-traffic area such as a doorway.
4. Place the heater three ft. away from walls. Do not place it near combustibles. Heaters should not be used to dry wet clothing.
5. Open a door or window when using a kerosene heater. Do not use it in a tightly confined area.
6. Check heaters regularly for leakage. Clean the wick according to the manufacturer's directions.

(*Continued on page 86*)



SAFETY BROCHURES developed by the NKHA are included with UL-listed kerosene heaters, says J. Thomas Smith, managing director.

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NKHA hopes to ban unsafe kerosene units, fights rush of unapproved imports into U.S.

(*Continued from page 84*)

The public service announcements were developed to help prevent fires, which can only occur when the product is not used properly, Denne stressed. "Several years ago, many fires occurred from misuse of wood stoves," he said. "We don't want the same thing to happen with kerosene heaters, so we're trying to educate the consumers."

Shoddy products hurt

Most kerosene heaters are imported from Japan (where 92 percent of the homes are heated by one or two units). Some are also being brought into the country from Korea and Taiwan.

While the majority of these units meet UL specifications, there has been a recent rush of unapproved product into the country.

"These units may be competitive for a short term," said Bartels of Aladdin. "But the kerosene heaters that have gained consumer franchise will fare the best in the long run."

Gallagher of Pesco Distributors agreed. "There are a lot of get-rich-quick artists who are bringing poor quality products into the country," he admitted.

To prevent these unsafe units from entering the consumers' homes, the NKHA is trying to pass "Model State Legislation" that seeks a tougher uniform law with mandatory safety standards and a comprehensive ban on all unsafe units. This legislation, which has already been adopted by Delaware, Rhode Island, New York, Ohio, Maryland and New Hampshire:

- Requires all portable kerosene heaters to meet minimum safety requirements involving labeling, design, carbon monoxide emissions (all contained in the standards developed by UL);
- Demands conformance with the UL standard be met with a nationally recognized testing laboratory, such as UL;
- Bans the sale of any old style heaters that do not meet the requirements of the statute.

Retailers' views mixed

Although retailers and distributors offered mixed reactions to the safety controversy surrounding kerosene heaters, most of those interviewed—from Hawaii to Indiana—are continuing to sell the product.

"Kerosene heaters sell well in the cooler mountain areas of the island," pointed out Clyde Hamai, owner of Hamai Appliance, Kahului, Maui, HI. His 3,000-sq.-ft. store carries eight Kero-Sun heaters as well as audio and video equipment, other electronics and major appliances.

"When the temperature drops, I call a local radio station at 7 a.m. and tell them to run a few radio spots for the store," he said.

Hamai is currently planning a direct mail campaign of 1,550 pieces to mountain dwellers. "The mailing will include a letter offering a free five-gal. container of kerosene to the first 30 people who buy heaters," he said. "I will also include a brochure explaining the heaters."

In addition, the store runs quarter-page newspaper ads three or four times a year, and displays the heaters in the front window.

Although the Consumer Reports study made some customers leery at first, "they're still buying the heaters," Hamai said. "I point out that Kero-Sun has filed a $41-million suit against Consumers Union."

But Bill Henthorn, president of Lifestyle Distributing, Zionsville, IN, thinks repercussions from the report may take awhile to overcome. "The study stated that the levels of carbon monoxide emitted by the units may be harmful to pregnant women and their fetuses," he pointed out. "People may not want to take any chances after reading that."

Sales of kerosene heaters for Henthorn were ahead of last year until the report hit the newsstands. "During the past month, sales have declined," he said. "But the sultry winter weather hasn't exactly sent customers swarming to the stores for heaters."

After the Consumer Reports study came out, an attorney general in Indiana suggested on a radio broadcast that people should return the heaters to the stores. "Only three were returned—and they hadn't been taken out of the boxes," Henthorn said. "I estimate that there are 60,000 to 80,000 kerosene heaters in use in this state."

Promotions stimulate sales

Promotions have given kerosene heaters a shot in the arm at many stores. This has been true at Richland Ace Appliance, Nashville, said John Guthrie, vice president. "Last September a group of local Ace dealers banded together and promoted the Aladdin Temp-Rite 95 unit for $99.99 (suggested retail is $179.95). I sold 150 units during the 10-day sale."

The stores collaborated and ran 46 30-second television spots on a local

station to advertise the sale. In addition, one three-column by 10-in. newspaper ad promoted the campaign.

In August, the Ace dealers ran the same sale, but did not use TV advertising. Guthrie pointed out, "We only sold 50 units then. The TV ads really helped."

To educate customers, the firm shows the Aladdin audio/visual presentation in the store. "I also keep a lighted kerosene heater there. It attracts attention better than a 10-ft. sign," Guthrie said.

Kerosene heaters are displayed in a center aisle of the store near Aladdin kerosene lamps. "Frequently, customers purchase the lamps as an afterthought when they buy a heater,"

SHOW CUSTOMERS how to work a kerosene heater from start-up to shut-down, advise manufacturers. Consumers should also be told how to store fuel when the heating season ends.

he said. The firm carries Aladdin, Kero-Sun and Fanco heaters.

Where will the boom in kerosene heater sales lead? According to Stewart Oram, group product manager for vented heaters, Kero-Sun, one possibility may involve a swing to larger units capable of heating more space.

His firm has developed two vented heaters, which also overcome many of the safety problems posed by the smaller units. The Monitor 20 carries a suggested retail price of $850 and the Monitor 30 lists for $999.

"Although these prices are significantly higher than those of the portable units, the vented heaters can be used to heat a 1,500- to 2,000-sq.-ft. area," Oram stated.

Rea Smith, merchandise manager, Keith Simmons Distributors Co., Inc., Nashville, predicted that yet another fuel—propane—might soon become a factor in the U.S. market. "If the right person gets into the federal government, we may see a barrage of propane heaters in the United States," he said. "Propane is cheap and easy to obtain."

In the meantime, Smith, an Aladdin distributor, noted his kerosene heater sales have soared 20 to 25 percent over last year. But he does not see this continuing for long.

"I believe that kerosene heater sales will soon level off," Smith said. He also complained that too many retailers are rushing into what they perceive as a lucrative market.

"Mass merchandisers, grocery stores, even a Honda dealer, are all getting into the business in this area," he said. "If this continues, I may decide to discontinue the heaters."

In the long run, however, it is the consumer's reaction to kerosene heaters that will determine whether the category has real staying power. And much of this consumer reaction is going to be determined by the heaters' safety record this winter.

Figures gathered by the National Fire Incident Reporting System, Washington, DC, illustrate the record for liquid-fueled portable heaters (including kerosene and oil) in recent years:

Year	Number of fires
1979	844
1980	632
1981*	919

Year	Number of injuries
1979	55
1980	36
1981*	115

Year	Number of deaths
1979	39
1980	16
1981*	33

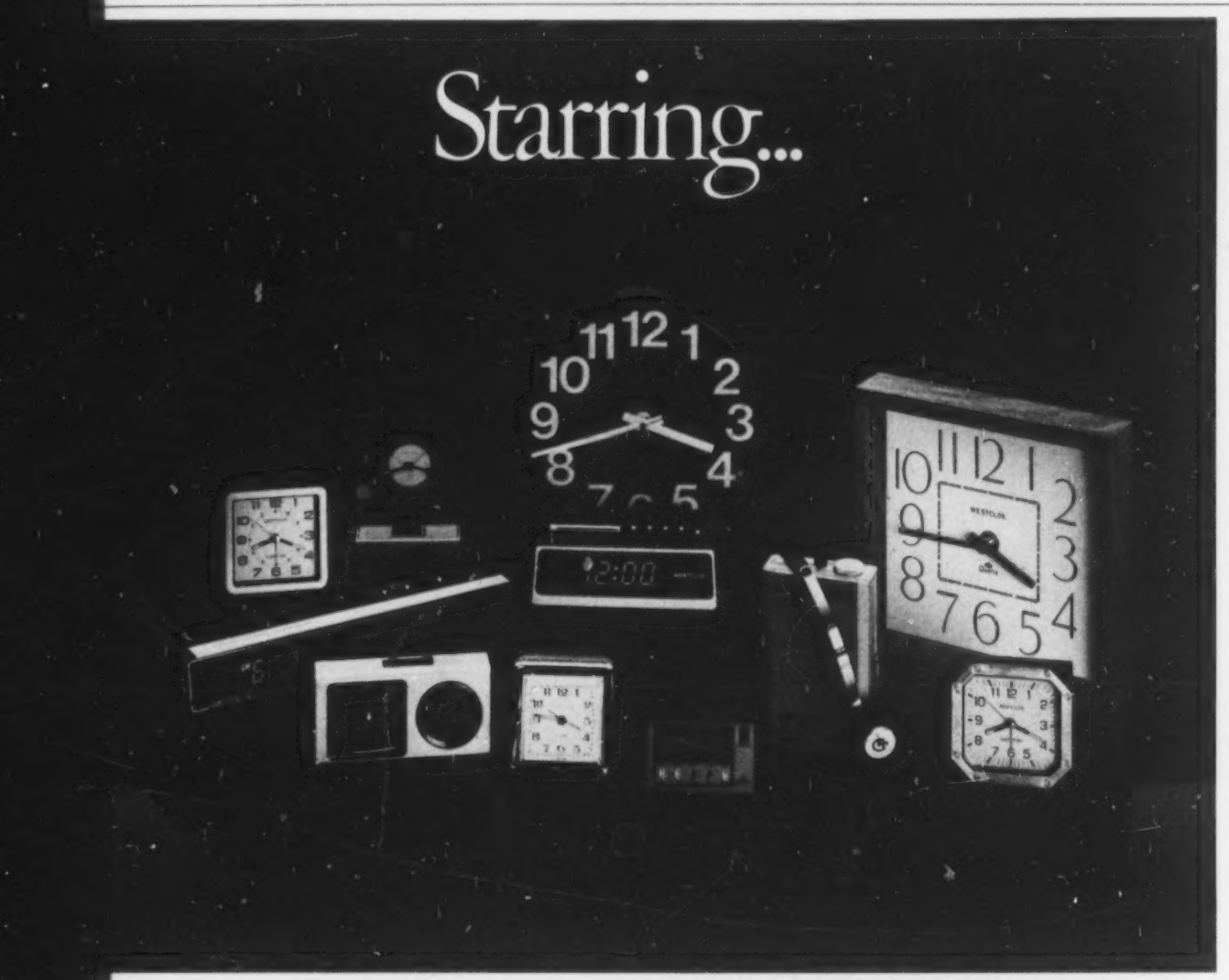
*This figure has yet to be fully tabulated.

The vast majority of these mishaps were the result of misuse of the heaters—not product failure. This underscores the need for making sure that consumers are educated and fully understand how to operate the units.

The feeling in the industry is that nothing would hurt kerosene heater sales worse than a series of fires—and the attendant publicity—this winter.

Nothing would help it more than a concerted educational campaign by the manufacturers, other interested parties and, most importantly, the retailers who ultimately place the heaters into consumers' hands.

Starring...



Prime Time Products. Introducing a cast of top performers, including an AM/FM electronic clock radio with back-up battery power. The Headhugger II® FM/AM/FM stereo radio with headphones. And the most up-to-the-minute quartz wall clocks and alarms. Our newest stars shine with the features and styling your customers want most. And price points that put our rating among the industry's best.

Prime Time Dealer Co-Op Programs. Don't miss this great line-up of sales support programs: Blockbuster II, T.A.P., and 60/40. We've brought back these proven winners at your request. And scheduled them in your prime time selling seasons. To bring you more in-store traffic and higher turnover for fewer advertising dollars.

Prime Time Advertising Support. This year, your customers will see ads for our newest stars in leading national magazines. And when you put our new T.V. commercial to work for you (customized with your store name tag to make you stand out in your home town), get ready to "autograph" sales slips by the hundreds.

When does Prime Time begin? The minute you tune in to Westclox. So dial your local representative today.

Westclox leads the way to good times.™

Visit our booth #4362-4365 at the National Housewares Exposition.

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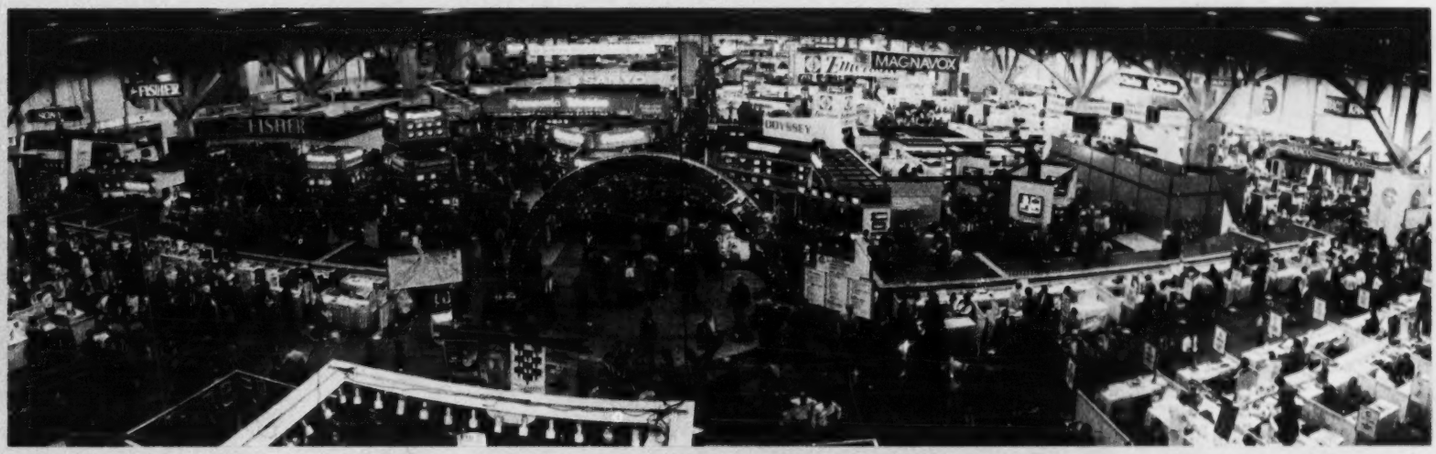
A GRALLA PUBLICATION

Merchandising

FEBRUARY 1983

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS



Sizzling CES Kicks Off '83 With a Bang!

LAS VEGAS — Crowded aisles, booths jammed through the last day, weary but excited dealers and vendors: all bore testament to one of the most dynamic Winter Consumer Electronics Shows in recent memory. Retailers, coming out of a fourth quarter that generated better-than-expected action in video, personal electronics and even audio, came to Las Vegas ready to buy.

HOUSING SALES SPRING TO LIFE

And government economists predict a seven percent jump in appliance shipments in '83

VIDEOGAMES and COMPUTERS

Are they dangerous?
What's hot in software?
Who designs those games?
Can the Muppets make it?
Will they last?
How should I sell them?
Has Julie Andrews sold out?
Where are the best profits?

...the answers start on page 31

Vendors jazz up kitchen electrics with a snazzy new European look

Style was everything at the Housewares Show as sophisticated designs hid a lack of innovation

Wood works wonders in

WALL CLOCKS

where the sales soar while prices plummet

New entries energize microwave cookware

CES, NHMA, HOME BUILDERS' SHOW PRODUCT REPORT

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A GRALLA PUBLICATION
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Merchandising

FOR OVER 55,700 RETAILERS & WHOLESALERS

FEBRUARY 1983
Our 76th Year
Vol. 8, No. 2

Merchandising
Sizzling CES Kicks Off '83 With a Bang!
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VIDEOGAMES and COMPUTERS
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WALL CLOCKS

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Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

		Last month's Position	Months on Chart
1.	Rocky III *(CBS/Fox)*	9	2
2.	Poltergeist *(MGM/UA)*	11	2
3.	Annie *(RCA/Columbia)*	4	2
4.	Best Little Whorehouse in Texas *(MCA)*	7	2
5.	Star Trek II: The Wrath of Khan *(Paramount)*	1	3
6.	Firefox *(Warner)*	2	3
7.	Tron *(Walt Disney)*	5	2
8.	Reds *(Paramount)*	18	2
9.	Missing *(RCA/Columbia)*	22	2
10.	Chariots of Fire *(Warner)*	14	6
11.	The Boat (Das Boot) *(RCA/Columbia)*	—	1
12.	Diner *(MGM/UA)*	10	2
13.	The World According to Garp *(Warner)*	—	1
14.	Victor/Victoria *(MGM/UA)*	3	3
15.	Star Wars *(CBS/Fox) P*	8	6
16.	Superman II *(Warner)*	19	5
17.	The Thing *(MCA)*	6	3
18.	On Golden Pond *(CBS/Fox) GI*	20	6
19.	Jane Fonda's Workout *(Karl Video)*	30	6
20.	Fast Times at Ridgemont High *(MCA)*	—	1
21.	Night Shift *(Warner)*	—	1
22.	Conan the Barbarian *(MCA)*	13	5
23.	The Sword and the Sorcerer *(MCA)*	—	3
24.	Arthur *(Warner)*	16	6
25.	Richard Pryor Live on Sunset Strip *(RCA/Columbia)*	17	2
26.	Escape from New York *(Embassy)*	12	3
27.	Playboy Video *(CBS/Fox)*	21	3
28.	I Ought to be in Pictures *(RCA/Columbia)*	—	1
29.	Sharkey's Machine *(Warner)*	15	6
30.	Cheech and Chong's Things are Tough All Over *(RCA/Columbia)*	—	1

Top 10 in videocassette sales

1.	Jane Fonda's Workout *(Karl Video)*	2	7
2.	Star Trek II: The Wrath of Khan *(Paramount)*	1	5
3.	Rocky III *(CBS/Fox)*	7	2
4.	Annie *(RCA/Columbia)*	3	2
5.	Poltergeist *(MGM/UA)*	—	1
6.	Compleat Beatles *(MGM/UA)*	4	3
7.	Star Wars *(CBS/Fox)*	5	7
8.	Playboy Video *(CBS/Fox)*	6	2
9.	Best Little Whorehouse in Texas *(MCA)*	—	1
10.	Firefox *(Warner)*	—	1

Top 5 in CED videodisc sales

1.	Rocky III *(CBS/Fox)*	—	1
2.	Star Trek II: The Wrath of Khan *(Paramount)*	1	2
3.	Playboy Video *(CBS/Fox)*	—	1
4.	On Golden Pond *(CBS/Fox)*	—	5
5.	Star Wars *(CBS/Fox)*	4	5

Top 5 in laserdisc sales

1.	Star Trek II: The Wrath of Khan *(Paramount)*	—	1
2.	Tron *(Walt Disney)*	—	1
3.	Rocky I *(CBS/Fox)*	—	1
4.	Murder, Anyone? *(Vidmax)*	—	1
5.	Playboy Video *(CBS/Fox)*	—	1

G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sales of at least $1 million. (RIAA/Video)
P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least $2 million. (RIAA/Video)
I—Golden Videocassette award—has audited return of sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

VIDEO/NEW RELEASES

COLUMBIA

THE BOAT (1982) German-made movie about a German sub and its crew's fight for survival in the North Atlantic during World War II. *PG Stereo.*

DR. STRANGELOVE (1964) A group of war-eager military men brings the world to the brink of nuclear disaster and beyond in this black comedy produced and directed by Stanley Kubrick. Also stars George C. Scott, Sterling Hayden, Peter Sellers, Keenan Wynn and Slim Pickens. *B/W NR.*

JABBERWOCKY (1977) Several members of the Monty Python troupe are featured in this Medieval comedy about King Bruno the Questionable. Directed by Terry Gilliam. *Color PG.*

TO SIR WITH LOVE (1967) Sidney Poitier portrays a school teacher in London's tough East End who wins the respect and admiration of his students by treating them as adults.

THE WAY WE WERE (1973) A memorable romance starring Robert Redford and Barbra Streisand. Throughout college and the years after, the two are as attracted to each other as they are opposite each other. *Color PG.*

DISNEY

THE AMAZING APES, THE SECRET WORLD OF REPTILES, MYSTERIOUS MINIATURE WORLD, THE CARNIVORES, PREDATORS OF THE SEA. Wildlife expert and adventurer Bill Burrud produced these titles for videocassette. Dramatic footage of the animal kingdom both on land and beneath the sea highlights the tapes.

FROG PRINCE Hosted by Kermit, this is the story of a beautiful princess in search of her noble prince.

HEY CINDERELLA The classic story with a few Hensonesque twists. Kermit the Frog, for instance, drives the golden coach taking Cinderella to the ball.

MUPPETS MUSICIANS OF BREMEN Jim Henson's Muppets star in this tale about four runaway animals that form a Dixieland band. Narrated by Kermit the Frog.

EMBASSY

BLADE RUNNER (1982) Futuristic tale has Harrison Ford as a detective whose job is to track down and destroy four renegade "replicants"—genetically engineered humans of superior intelligence and strength. Cassette contains scenes edited out of the theatrical release. *Color R 117 minutes. C: $39.95 CED: $29.95.*

ELTON JOHN: VISIONS (1982) Elton John and more than 100 actors and actresses star alongside lasers and other visual effects in this musical and visual feast. *Color 45 minutes Stereo C: $49.95 CED: $49.95.*

ROD STEWART: TONIGHT HE'S YOURS (1982) The gravelly voiced English rock performer stars in a concert filmed at the Forum in Los Angeles. Special guest is Tina Turner. Stewart sings Do Ya Think I'm Sexy, Maggie May, You're In My Heart and other hits. *Color 90 minutes C: $49.95 CED: $21.95.*

MGM

YES GIORGIO (1982) World famous tenor Luciano Pavarotti stars in his film debut as, what else, a romantic singer. Music includes I Left My Heart in San Francisco, If We Were In Love and arias by Verdi, Ponchielli, Donizetti and Puccini. *Color PG 111 minutes C: $79.95.*

INVITATION TO DANCE (1956) Gene Kelly starred in, directed and choreographed this film which the NY Times called extraordinary. *Color NR 93 minutes C: $59.95.*

SONY

THE HOBBIT J.R.R. Tolkien's classic tale of a peaceful people threatened by dark forces. Animated. *Color.*

VESTRON

HERE IT IS, BURLESQUE The Queen of Burlesque, Ann Corio, stars in this tribute to the art. Included are stripteasers, comedians, exotic dancers and sketches. *Color 88 minutes.*

TRIBUTE Jack Lemmon received an Academy Award nomination for his portrayal of a dying man determined to reconcile with his son Jud (Robby Benson). Adapted from dramatist Bernard Slade's Broadway hit. *Color PG 125 minutes.*

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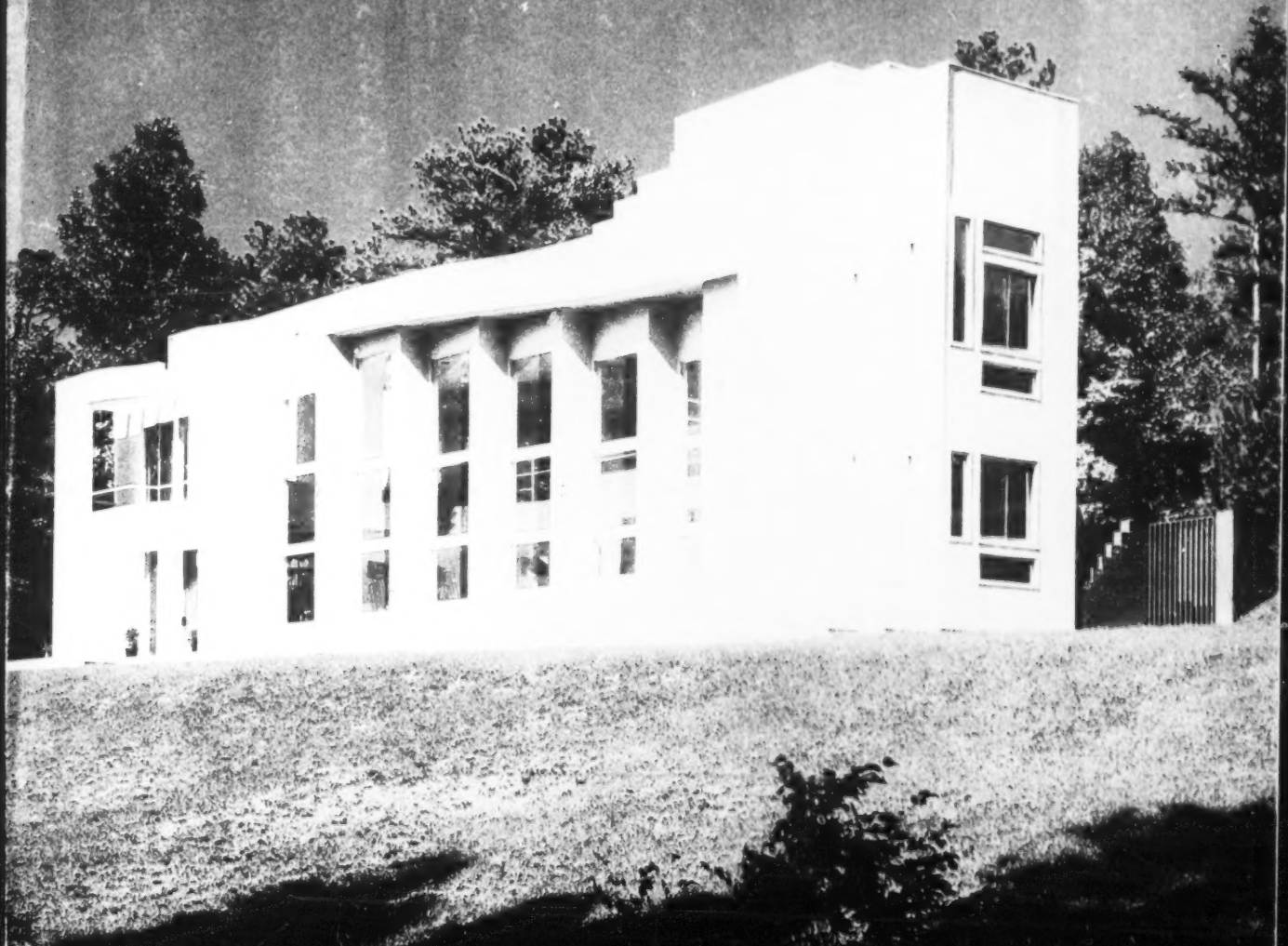
THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS
OCTOBER 1982



BUILDER MAGAZINE

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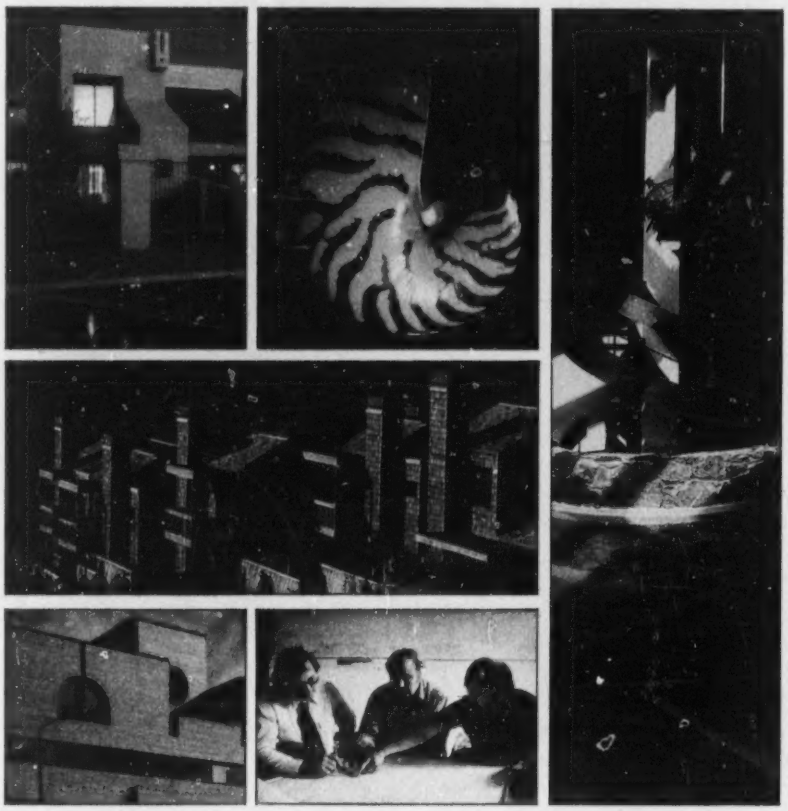


30 WINNERS

There were 97 award-winners in the 1982 Builder's Choice program, a design competition co-sponsored by BUILDER and *Better Homes & Gardens* magazine. All of them are featured in this issue, and taken together they at once show the great diversity of work being done in the housing industry, even during down times, and highlight important trends in housing design, particularly the move toward higher density development. The story also includes a profile of two influential architectural firms, Berkus Group Architects and Fisher-Friedman Associates, which were the biggest winners in this year's awards program. (Cover: Schettini residence, Richmond, Va. Photo: William Mills)

warned that the growing popularity of 30-month certificates, which enable savers to lock in high yields when rates start down, could slow the decline in the cost of funds and therefore home mortgage rates.

The certificates now comprise 23 percent of all deposits at S&Ls, second only to six-month certificates with 34 percent.

Some of the 30-month certificates, taken out when their rate was as high as 16.55 percent, still have 18 months until maturity, Green said.

As a result, "it is unlikely that mortgage rates will fall fast enough to prompt a meaningful housing recovery before next spring," said Green.

Nevertheless, builders are encouraged by the recent declines in rates. The August Builders Economic Council survey conducted by the NAHB Economics Division showed that 54 percent of the respondents believed sales of new single-family houses would be fair to excellent during the next six months. That's up from only 23 percent in July.

In addition, 25 percent of responding builders reported current sales of single-family houses as fair to excellent compared with 13 percent the month before.—C.A.

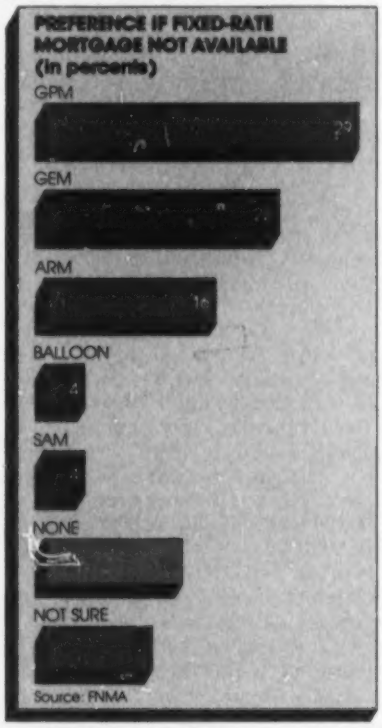
FINANCE

BUYERS WOULD ACCEPT ARMS—IF THEY UNDERSTOOD THEM

If the real estate industry did a good job of explaining the new alternative mortgages to home buyers a surprising number of buyers would take them—even if traditional fixed-rate mortgages also were offered.

That was one major finding of a nationwide survey conducted by Louis Harris and Associates for the Federal National Mortgage Association (Fannie Mae).

The findings released last month resulted from a survey in spring 1982 of approximately 1,000 homeowners and renters. Titled "Buying a Home in the 1980s: A Poll of American Attitudes" the survey is the first comprehensive effort to find out whether the desire for homeownership has abated in the face of high interest rates, high home prices and strange mortgages as well as how the public feels about specific new mortgages.



Saying he was "not astonished" by any of the survey results, David Maxwell, chairman and chief executive officer of Fannie Mae, explained that they reinforce the idea that the industry must do a better job of educating the public. He was referring to the fact that a third of those interviewed could describe how at least one alternative mortgage worked. Harris thought that was a low recognition rate.

"This survey has a message for all of us concerned with the recovery of housing in America," Maxwell said. "Interest rates are not the only deterrent to prospective buyers. A major obstacle is their unfamiliarity with the new kinds of mortgages that can make homeownership more affordable."

Before the various alternative mortgages were explained to them, he said 72 percent of the survey respondents believed most home buyers would prefer a traditional fixed-rate mortgage even if an alternative were available at an appreciably lower interest rate.

After being informed about five alternative mortgages, however, only 53 percent said they preferred a fixed-rate loan, while 38 percent favored an alternative.

Although no new mortgage emerged as the clear favorite, growing equity mortgages (GEMs) and graduated payment mortgages (GPMs) were the most popular. Balloons and shared appreciation mortgages (SAMs) were least liked (see table).

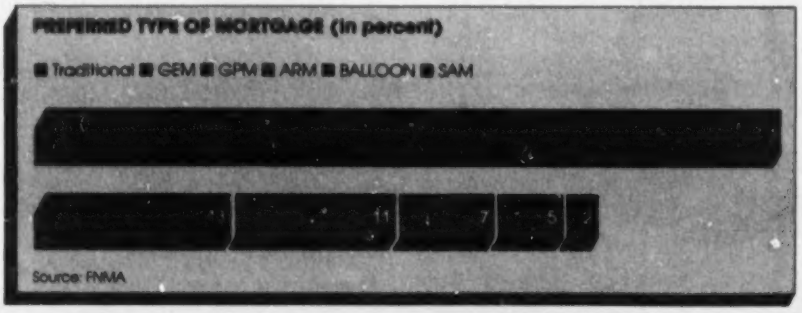
(It should be noted that the survey was taken in March and April when fixed-rate mortgages were in the 17 percent range. That may help explain the relatively low preference for fixed-rate loans.)

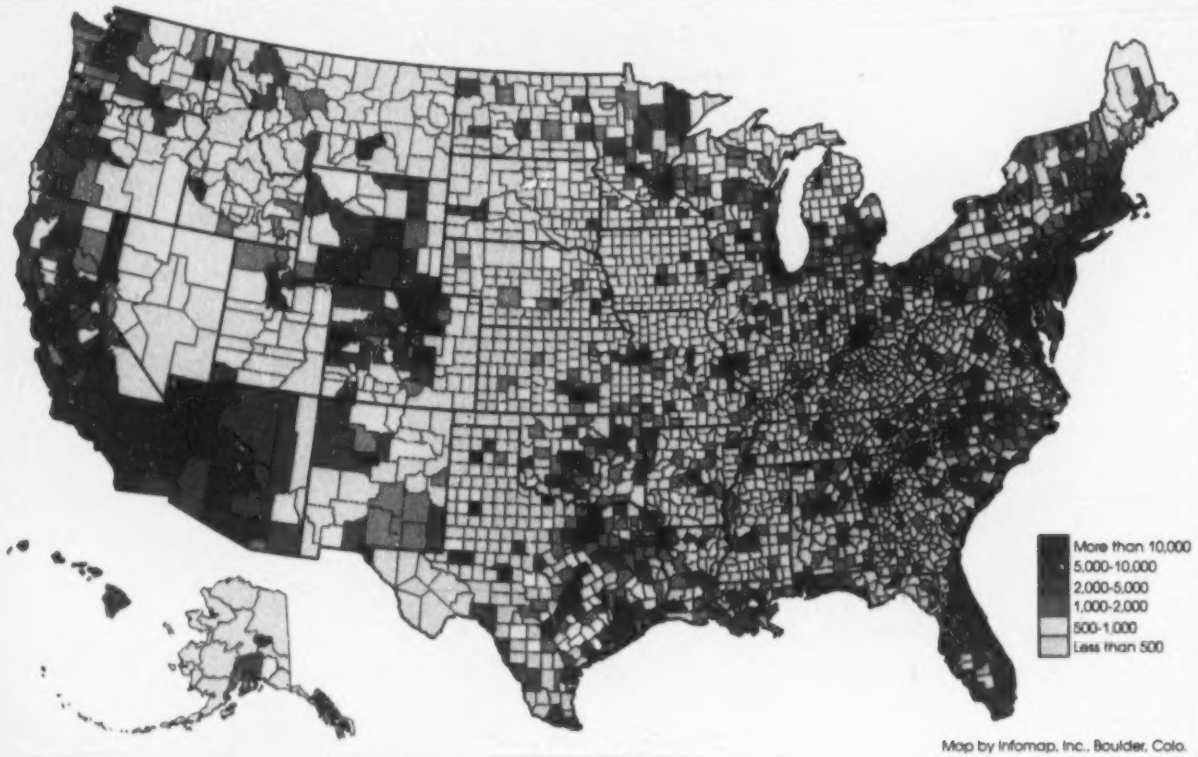
If a fixed-rate loan were not available, the largest proportion (29 percent) of respondents chose a GPM (see table). The preference for adjustable rate mortgages (ARMs) increased to 22 percent when there was a ceiling on how much payments could increase each adjustment period.

When choosing between a fixed-rate and an ARM, respondents based their decisions on the difference in interest rates. When the differential was three percentage points, for example a 17 percent fixed-rate and a 14 percent ARM, 47 percent said they would take the ARM and 39 percent preferred the fixed-rate loan.

But when the rate difference dropped to 1.5 percentage points only 35 percent chose the ARM, with 48 percent opting for the fixed-rate.

Respondents also said they





Map by Infomap, Inc., Boulder, Colo.

THE STARTS COUNT, COUNTY BY COUNTY

The greatest number of housing starts from 1982 to 1986 will be in the Sunbelt, according to a county-by-county forecast by NAHB's Econometric Model Forecasting Service. More surprising is the high starts forecast in large metropolitan areas, even those in the Northeast and North Central regions. The reason: That's where the population still is concentrated.

would be willing to swallow more frequent rate changes in exchange for a cap on the overall increase.

Of the eight kinds of ARMs Fannie Mae now offers, the largest proportion (47 percent) of respondents picked Plan 8, which allows payment and rate changes once a year with a maximum rate change of 2 percent each year.

The survey also revealed—not surprisingly—that the desire for homeownership is as strong as ever.

Of those interviewed, 71 percent expected their next move to be into a home they own. But they were worried about affordability: 91 percent believe two paychecks are necessary to meet monthly mortgage payments.

Maxwell said Fannie Mae will use the survey results to refine its current mortgage products, but he expects the multiplicity of alternative mortgages to persist. "Different types of mortgages appeal to different market segments," he said.

Other survey findings:

- 22 percent expected the sales price of homes in their area to increase "a lot" in the next two or three years;
- 38 percent expected to move in the next three to five years;
- 41 percent of renters who moved in the last five years said they had wanted to buy a home but didn't do so mainly because they didn't have the down payment;
- Homeowners said their principal reason for buying was investment. Tax reasons came in third behind the desire to establish roots. —C.A.

GOVERNMENT

NEW TAX LAW MAY HELP HOUSING

The tax law Congress passed in late August contains several provisions that benefit the housing industry.

Most important, it eased restrictions on the use of tax-exempt mortgage revenue bonds. The new law requires that 90 percent of the proceeds from the sale of single-family bonds go to first-time home buyers. Previously, 100 percent of the proceeds had to be used that way.

Purchase price limits were increased from 90 to 110 percent of the average area purchase price (the price limit rose from 110 to 120 percent in economically depressed target areas).

And the ceiling on arbitrage—the difference between the rate paid to the bond holder and the rate charged to the home buyer—was increased ⅛ percent to 1⅛ percent. That should make it easier for bond issuing agencies to cover administrative costs.

In addition, the new law no longer requires issuing agencies to dispose of non-mortgage investments at a loss in order to meet limitations on such investments.

The law also made some favorable changes in regulations governing multifamily bonds. It clarified the definition of low and moderate-income households, making it the same as the Section 8 definition except that the income limit is 80 percent of area median income

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